

MONTANA Economy at a Glance

Editor: Robert C. Marvin

New Staff Update

The Research & Analysis Bureau (R&A) would like to welcome our two newest staff members: Dee Burnham and Mike Hohn.

Dee Burnham is R&A's new Fiscal Specialist. Originally from Blackfoot, Idaho, Dee has lived in Helena for the past 23 years. Before joining R&A, Dee spent twelve years as the only employee of a surgeon. In that position, she handled nearly everything but the surgery, including payroll, budgeting, billing, transcription, and assisting with office procedures. Dee attended Carroll College on scholarship, and studied nursing before switching to business administration.

Mike Hohn is our new statistician in the prevailing wage program. Mike comes to us with a wealth of job experience, including working as an insurance adjuster, a customer service representative with Qwest Communications, and a U.S. Army Quartermaster, where he attained the rank of Major. Mike was born in Helena, and has also lived in the twin cities area of Minnesota.

Welcome aboard, Dee and Mike!

Unemployment by Statistical Area

Not seasonally adjusted

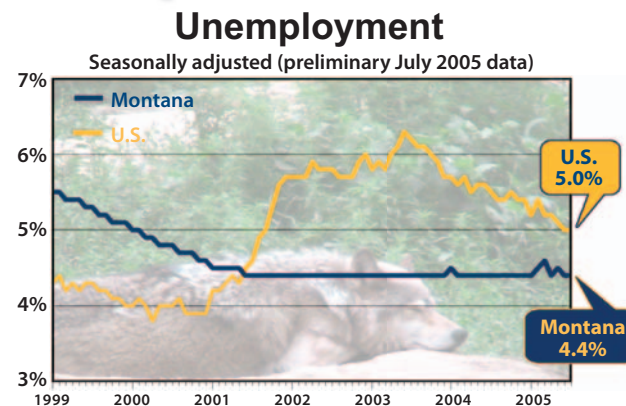
Metropolitan Statistical Areas

	July 2005*	July 2004
Billings	3.9	3.9
Great Falls	4.6	4.4
Missoula	4.0	4.1

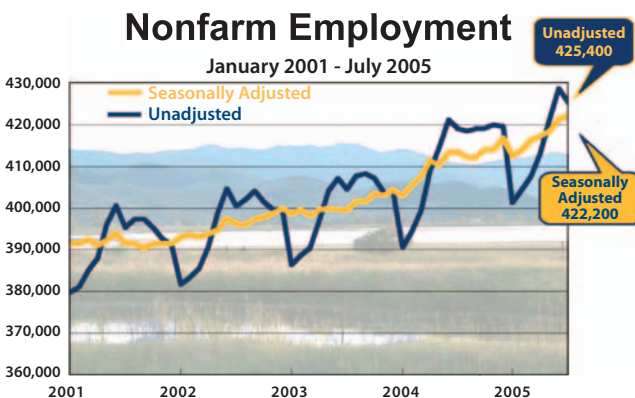
Micropolitan Statistical Areas

	July 2005*	July 2004
Bozeman	3.2	3.4
Butte-Silver Bow	4.9	5.1
Havre	5.1	5.0
Helena	4.3	4.1
Kalispell	4.4	4.7

* July 2005 rate preliminary



Montana's seasonally adjusted unemployment rate remained steady at 4.4% in July 2005. The U.S. rate also showed no change in July, staying at 5.0%.



Montana's seasonally adjusted nonagricultural payroll employment was up 900 jobs (0.2%) over-the-month for July 2005. The largest gains were in Leisure & Hospitality, which was up by 900 jobs (1.6%), Professional & Business Services, up by 400 jobs (1.2%), and Education & Health Services, up by 300 jobs (0.5%).

Employment by Industry

Over-the-year change - Not seasonally adjusted

Industry Employment (in thousands)	July 2005	July 2004	Net Change	Percent Change
Total Non-Agricultural	425.4	419.0	6.4	1.5%
Natural Resources & Mining	8.1	7.6	0.5	6.6%
Construction	28.2	27.6	0.6	2.2%
Manufacturing	19.7	19.5	0.2	1.0%
Trade, Transportation, Utilities	88.4	87.4	1.0	1.1%
Information	8.0	8.0	0.0	0.0%
Financial Activities	21.8	21.6	0.2	0.9%
Professional & Business Services	35.8	34.7	1.1	3.2%
Education & Health Services	54.6	53.2	1.4	2.6%
Leisure & Hospitality	62.0	60.4	1.6	2.6%
Other Services	17.1	17.0	0.1	0.6%
Total Government	81.7	82.0	-0.3	-0.4%

Unemployment by County

Not seasonally adjusted

	July 2005*	July 2004
U.S.	5.2	5.8
MONTANA	4.4	4.4
Beaverhead	3.7	3.7
Big Horn	9.4	8.4
Blaine	5.3	4.8
Broadwater	4.0	3.8
Carbon	3.9	4.2
Carter	3.6	3.5
Cascade	4.6	4.4
Chouteau	4.0	3.4
Custer	4.3	4.3
Daniels	3.6	4.1
Dawson	4.2	4.4
Deer Lodge	6.8	6.1
Fallon	2.9	3.0
Fergus	4.7	4.6
Flathead	4.4	4.7
Gallatin	3.2	3.4
Garfield	3.3	3.1
Glacier	7.5	7.7
Golden Valley	4.4	4.9
Granite	5.6	5.2
Hill	5.1	5.0
Jefferson	4.2	4.4
Judith Basin	4.6	4.0
Lake	5.4	5.3
Lewis & Clark	4.3	4.0
Liberty	5.1	4.2
Lincoln	7.9	8.8
McCone	3.7	2.7
Madison	3.2	3.4
Meagher	4.1	5.4
Mineral	4.5	5.5
Missoula	4.0	4.1
Musselshell	5.3	5.4
Park	3.7	3.8
Petroleum	3.9	4.5
Phillips	4.7	4.3
Pondera	5.7	5.9
Powder River	3.8	3.5
Powell	6.8	6.3
Prairie	4.1	4.0
Ravalli	4.7	4.7
Richland	3.9	3.9
Roosevelt	7.5	7.1
Rosebud	5.7	5.2
Sanders	5.9	5.9
Sheridan	3.9	3.7
Silver Bow	4.9	5.1
Stillwater	3.9	4.0
Sweet Grass	2.3	2.4
Teton	3.9	3.9
Toole	3.9	3.5
Treasure	4.3	4.5
Valley	4.4	4.3
Wheatland	3.6	4.0
Wibaux	3.3	3.2
Yellowstone	3.9	3.9

* July 2005 rate preliminary

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July 2005

Montana Economy at a Glance

Agricultural Wages and Employment¹

by Tyler Turner, Economist

Why “Nonfarm?”

We at the Research and Analysis Bureau are concerned that agricultural workers might be feeling left out. Examine the cover of any issue of Montana Economy at a Glance, and you'll find two graphs, the second of which is labeled “Nonfarm Employment.” We assure you that this is not an attempt to alienate farm workers. Agriculture's exclusion from our employment numbers is not so much a question of the industry's importance as it is one of methodology. The unique structure of the agriculture industry makes including agricultural employment and wage data difficult.

Last month's feature article offered a brief explanation of why our employment series is labeled “Nonfarm.” This month, we would like to explore the question fully, and offer a more complete picture of the availability of agricultural wage and employment data for Montana.

QCEW Data

Much of the Department of Labor and Industry's agriculture information comes from the Quarterly Census of Employment and Wages (QCEW), which is collected from reports filed by employers. Table 1 shows QCEW's agricultural wage and employment data for Montana, Idaho, Wyoming, and the nation. Notice that Montana has employed less than 3,000 total workers in agriculture for the last two years, and that wages averaged between \$21,000 and \$23,000 per year. The wage data is consistent with averages for the nation and the other two states; however, employment levels seem to be lower than expected for a state with a large agricultural industry such as Montana.

In general, QCEW data is very accurate, since it is a direct count (rather than an estimate) compiled from reports filed by all employers covered under Montana unemployment insurance. However, several factors cause this not to hold true for agriculture.

Agriculture-based businesses are required to report wage and employment records only in calendar quarters when their total gross pay exceeds \$20,000. Given the small size of many operations, it is doubtful they approach this threshold, let alone exceed it. Assuming the average worker makes around \$20,000 a year, their quarterly compensation would be \$5,000. Thus, it would take four or more full-time employees per operation to trigger the reporting threshold. Many small to medium farms and ranches do not meet these criteria and are excluded from the database. Other farms and ranches depend largely on family members for labor. Either through differences in payment methods or lack of payment, these workers are unaccounted for and do not appear in the database. The seasonal nature of agricultural employment may also contribute to information gaps. For instance, if workers are employed during only one month out of a quarter, gross pay might not exceed \$20,000, and the wage and employment information would go unreported. Overall, this threshold, which is not a requirement in other industries, results in information gaps in the QCEW records, though it does not eliminate all farms and ranches in the state.

**Table1: Department of Labor Statistics
2003-2004**

	U.S.		Montana		Idaho		Wyoming	
	2003	2004	2003	2004	2003	2004	2003	2004
Annual Employment								
Livestock	205,463	208,750	1,763	1,877	6,381	6,795	1,557	1,577
Field/Crops	555,926	555,809	1,022	1,001	8,267	7,978	402	434
Total	761,389	764,559	2,785	2,878	14,648	14,773	1,959	2,011
Annual Wage								
	\$/Year							
Livestock	24,300	25,490	21,753	21,664	22,440	23,445	21,752	22,483
Field/Crops	20,138	20,963	22,265	23,001	20,478	21,829	18,418	19,240
Total ¹	21,261	22,199	21,941	22,129	21,333	22,572	21,068	21,783

¹ Weighted average of livestock and crops wages.

Source: USDL, BLS, Quarterly Census of Employment and Wages

¹ Discussion in this article pertains to employees of farm/ranch operations only. Owner/operators are excluded from consideration.

**Table 2: Department of Agriculture Statistics
April 2004 - April 2005**

	U.S.		Mountain I ¹		Mountain II ²		Northern Plains ³	
	2004	2005	2004	2005	2004	2005	2004	2005
Annual Employment	#							
Total	827,000	746,000	24,000	24,000	26,000	20,000	31,000	27,000
Time	Hours per Week							
Hours	40.6	39.8	42.8	44.5	40.8	41.6	42.3	40.3
Hourly Wage	\$/Hour							
Livestock	8.95	9.23	8.41	8.49	8.33	8.41	8.51	9.69
Field/Crops	8.47	8.55	8.14	7.89	9.66	7.70	8.87	9.33
Annual Wage⁴	\$/Year							
Livestock	18,895	19,102	18,717	19,646	17,673	18,193	18,719	20,306
Field/Crops	17,882	17,695	18,116	18,257	20,495	16,657	19,510	19,552

1 Idaho, Montana, Wyoming

3 Kansas, Nebraska, North Dakota, South Dakota

2 Colorado, Nevada, Utah

4 Assumes 52 weeks of employment, Salary=Wages*Hours/Week*52

Source: USDA, NASS, Agricultural Statistics Board

NASS Data

An alternative source for agricultural data is available. The National Agricultural Statistics Service (NASS) conducts a quarterly survey of wages and employment. This survey measures wages, hours, and employment for the U.S. and 18 regional subdivisions. State level data for Montana is not available through this survey. Instead, Montana is combined with Idaho and Wyoming to create Mountain Region I. Table 2 presents the most recent NASS survey as well as the previous survey year for the U.S., Mountain Region I, (which includes the states shown in Table I) and two bordering regions. Direct comparisons to QCEW are difficult due to the regional structure of the NASS survey and differences in time periods; however, general comparisons can be made between the two.

The NASS survey indicates that approximately 24,000 hired livestock/crop workers were employed within the Mountain I region in 2004. QCEW reported 20,000 workers for the same region and time period. The difference in workers is likely a product of QCEW's inability to capture all workers within the industry and not an over-estimation of employment by NASS. The regional structure of the NASS data prevents direct comparisons with QCEW on employment within Montana; therefore the state's exact share of the 24,000 workers is unknown.

Sources:

United States Department of Agriculture, National Agricultural Statistics Service, Agricultural Statistics Board. *Farm Labor Report*. Available at www.usda.gov/nass/pubs/reportname.htm#Farm_Labor

United States Department of Labor, Bureau of Labor Statistics. *Quarterly Census of Employment and Wages*. Available at www.bls.gov/cew/home.htm

Ag Wages

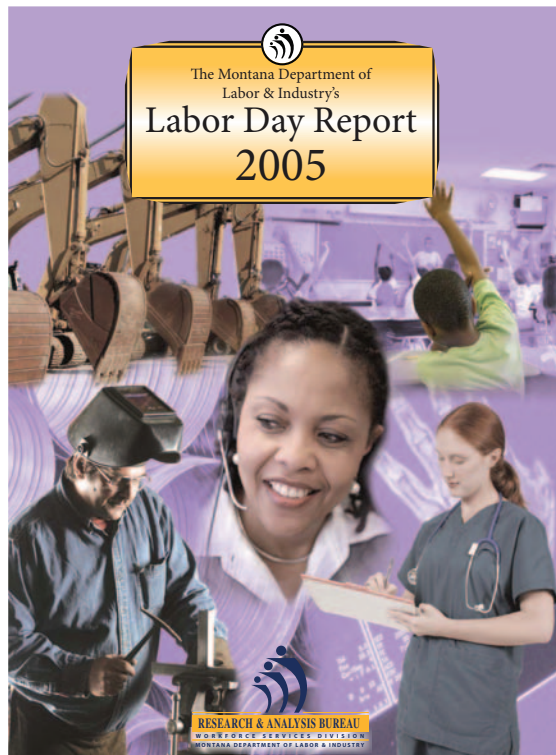
Wages vary for workers across livestock and field/crops operations and across state/region in both data sets, but are consistently lower in the NASS survey for the only common time period, 2004. This is likely the result of QCEW failing to capture low wage workers due to the \$20,000 per quarter threshold. The workers that are captured almost certainly have a higher yearly wage and skew the data to the right of the true average. Again, direct comparisons between NASS and QCEW are limited, leaving an unclear picture of the exact wages agricultural workers are paid in Montana.

So What Does Montana's Agricultural Workforce Look Like?

Despite efforts to show estimates for the industry from several sources, no clear picture of the agricultural workforce in Montana has emerged. Based on the available data, it is estimated that the average agricultural worker in the state makes between \$18,000 and \$25,000 per year. It can also be assumed that agriculture employs a minimum of 3,000 workers in livestock and crop operations, though no maximum is available. If these estimates seem too broad and inexact, you will understand why we only report "Nonfarm Employment" each month.

The Montana Department of Labor & Industry's Annual Labor Day Report 2005

Each year, the Research and Analysis Bureau of the Montana Department of Labor & Industry presents its annual Labor Day Report, an overview of the current state of Montana's economy. The Labor Day Report is presented to inform the Governor, his cabinet, and other interested Montanans of the state's current economic trends, with an emphasis on the state's labor force. This year's presentation will take place on August 30, 2005 at 1:00 pm in the Governor's Reception Room. The Labor Day Report publication will be available on the R&A website (ourfactsyourfuture.org) on August 31, 2005. The report will contain current information on wages, employment, projections, and demographics for Montana as well as comparisons to the region and the U.S.



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